

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN**

1

QUARTERLY FINANCIAL REPORTING FORM

Submitted on 2/16/2004 6:06:04 PM

		1
1.	FOR THE QUARTER ENDING:	December 31, 2003
2.	Name:	Western Dental Services, Inc.
3.	File Number:(Enter last three digits) 933-0	224
4.	Date Incorporated or Organized:	August 24, 1984
5.	Date Licensed as a HCSP:	May 31, 1985
6.	Date Federally Qualified as a HCSP:	Not Applicable
7.	Date Commenced Operation:	September 1, 1985
8.	Mailing Address:	P.O. Box 14277, Orange, CA 92863
9.	Address of Main Administrative Office:	530 South Main Street, Orange, CA 92868
10.	Telephone Number:	(714) 480-3000
11.	HCSP's ID Number:	33-0065869
12.	Principal Location of Books and Records:	530 South Main Street, Orange, CA 92868
13.	Plan Contact Person and Phone Number:	Samuel H. Gruenbaum
14.	Financial Reporting Contact Person and Phone Number:	David L. Joe- (714) 571-3572
15.	President:*	Samuel H. Gruenbaum
16.	Secretary:*	Susan Rule Sandler
17.	Chief Financial Officer:*	David L. Joe
18.	Other Officers:*	Stanley Andrakowicz
19.		Jonna Greenlee
20.		Wayne Butts
21.		
22.	Directors:*	David T. Beauchamp
23.		Samuel H. Gruenbaum
24.		Stanley Andrakowicz
25.		David L. Joe
26.		
27.		
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.






32. President	Samuel H. Gruenbaum (please type for valid signature)
33. Secretary	Susan Rule Sandler (please type for valid signature)
34. Chief Financial Officer	David L. Joe (please type for valid signature)
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.	
35. Check if this is a revised filing, and complete question 7 on page 2: <input type="checkbox"/>	
36. If all dollar amounts are reported in thousands (000), check here: <input type="checkbox"/>	

Check My Work.

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

QUARTERLY FINANCIAL REPORTING FORM

SUPPLEMENTAL INFORMATION

		1
1.	Are footnote disclosures attached with this filing?	Yes 
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	Yes 
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No 
4.	Have the Restricted Assets changed from the previous quarterly filing? If "yes", complete Schedule A-2 (Restricted Assets).	No 
5.	Are there any significant changes reported on Schedule G, Section III?	No 
6.	If "yes", describe:	
7.	If this is a revised reporting form, what is/are the reason(s) for the revision?	

STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

REPORT #1 ---- PART A: ASSETS

1	2
CURRENT ASSETS:	Current Period
1. Cash and Cash Equivalents	346,168
2. Short-Term Investments	8,041,872
3. Premiums Receivable - Net	1,061,004
4. Interest Receivable	0
5. Shared Risk Receivables - Net	0
6. Other Health Care Receivables - Net	50,036,590
7. Prepaid Expenses	3,065,861
8. Secured Affiliate Receivables - Current	0
9. Unsecured Affiliate Receivables - Current	0
10. Aggregate Write-Ins for Current Assets	114,744
11. TOTAL CURRENT ASSETS (Items 1 to 10)	62,666,239
OTHER ASSETS:	
12. Restricted Assets	50,000
13. Long-Term Investments	468,489
14. Intangible Assets and Goodwill - Net	15,200
15. Secured Affiliate Receivables - Long-Term	0
16. Unsecured Affiliate Receivables - Past Due	0
17. Aggregate Write-Ins for Other Assets	634,138
18. TOTAL OTHER ASSETS (Items 12 to 17)	1,167,827
PROPERTY AND EQUIPMENT	
19. Land, Building and Improvements	0
20. Furniture and Equipment - Net	6,538,537
21. Computer Equipment - Net	1,036,427
22. Leasehold Improvements -Net	4,302,664
23. Construction in Progress	709,250
24. Software Development Costs	0
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	12,586,878
27. TOTAL ASSETS	76,420,944
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001. Other Receivable	114,744
1002.	
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	114,744
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS	
1701. Prepaid Deposit-Long Term	612,596
1702. Lease Cost-Net	21,542
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	634,138
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
CURRENT LIABILITIES:	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	2,380,017	XXX	2,380,017
2. Capitation Payable	0	XXX	0
3. Claims Payable (Reported)	37,135		37,135
4. Incurred But Not Reported Claims	83,755		83,755
5. POS Claims Payable (Reported)	0		0
6. POS Incurred But Not Reported Claims	0		0
7. Other Medical Liability	0		0
8. Unearned Premiums	3,227,893	XXX	3,227,893
9. Loans and Notes Payable	1,127,374	XXX	1,127,374
10. Amounts Due To Affiliates - Current	0	XXX	0
11. Aggregate Write-Ins for Current Liabilities	17,710,500	0	17,710,500
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	24,566,674	0	24,566,674
OTHER LIABILITIES:			
13. Loans and Notes Payable (Not Subordinated)	64,371	XXX	64,371
14. Loans and Notes Payable (Subordinated)	0	XXX	0
15. Accrued Subordinated Interest Payable	0	XXX	0
16. Amounts Due To Affiliates - Long Term	0	XXX	0
17. Aggregate Write-Ins for Other Liabilities	1,363,159	XXX	1,363,159
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	1,427,530	XXX	1,427,530
19. TOTAL LIABILITIES	25,994,204	0	25,994,204
NET WORTH			
20. Common Stock	XXX	XXX	68,216
21. Preferred Stock	XXX	XXX	0
22. Paid In Surplus	XXX	XXX	3,858,952
23. Contributed Capital	XXX	XXX	0
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	46,499,572
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	50,426,740
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	76,420,944
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES			
1101. Deferred Revenue	2,520,260		2,520,260
1102. Accrued Salaries & Wages	8,721,400		8,721,400
1103. Reserve for IBNR	5,886,000		5,886,000
1104. Other Accrued Liabilities	582,840		582,840
1198. Summary of remaining write-ins for Item 11 from overflow page	0		0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	17,710,500	0	17,710,500
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES			
1701. Deferred Rent	1,363,159	XXX	1,363,159
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	1,363,159	XXX	1,363,159
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501.	XXX	XXX	
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	0

STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
REVENUES:		
1. Premiums (Commercial)	6,154,161	24,406,486
2. Capitation	0	0
3. Co-payments, COB, Subrogation	37,537,494	144,154,862
4. Title XVIII - Medicare	0	0
5. Title XIX - Medicaid	14,338,840	66,514,908
6. Fee-For-Service	0	0
7. Point-Of-Service (POS)	0	0
8. Interest	303,306	497,724
9. Risk Pool Revenue	0	0
10. Aggregate Write-Ins for Other Revenues	-13,472	18,421
11. TOTAL REVENUE (Items 1 to 10)	58,320,329	235,592,401
EXPENSES:		
Medical and Hospital		
12. Inpatient Services - Capitated	0	0
13. Inpatient Services - Per Diem	0	0
14. Inpatient Services - Fee-For-Service/Case Rate	0	0
15. Primary Professional Services - Capitated	15,212,102	59,942,580
16. Primary Professional Services - Non-Capitated	0	0
17. Other Medical Professional Services - Capitated	14,203,798	56,376,176
18. Other Medical Professional Services - Non-Capitated	635,582	2,657,550
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	0	0
20. POS Out-Of-Network Expense	0	0
21. Pharmacy Expense - Capitated	0	0
22. Pharmacy Expense - Fee-for-Service	0	0
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	15,034,993	57,585,540
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	45,086,475	176,561,846
Administration		
25. Compensation	2,609,093	8,632,844
26. Interest Expense	1,432	5,141
27. Occupancy, Depreciation and Amortization	451,115	1,740,367
28. Management Fees	0	0
29. Marketing	2,531,932	9,934,171
30. Affiliate Administration Services	0	0
31. Aggregate Write-Ins for Other Administration	326,195	4,846,140
32. TOTAL ADMINISTRATION (Items 25 to 31)	5,919,767	25,158,663
33. TOTAL EXPENSES	51,006,242	201,720,509
34. INCOME (LOSS)	7,314,087	33,871,892
35. Extraordinary Item	0	0
36. Provision for Taxes	46,971	433,721
37. NET INCOME (LOSS)	7,267,116	33,438,171
NET WORTH:		
38. Net Worth Beginning of Period	50,159,624	39,559,569
39. Audit Adjustments	0	0
40. Increase (Decrease) in Common Stock	0	0
41. Increase (Decrease) in Preferred Stock	0	0
42. Increase (Decrease) in Paid in Surplus	0	0
43. Increase (Decrease) in Contributed Capital	0	0
44. Increase (Decrease) in Retained Earnings:	0	0
45. Net Income (Loss)	7,267,116	33,438,171
46. Dividends to Stockholders	-7,000,000	-22,571,000
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	50,426,740	50,426,740

STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

1	2	3
	Current Period	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES		
1001. Gain on Disposal of Asset	0	2,000
1002. Unrealized Gain - Short Term Investment	-14,915	-7,463
1003. Miscellaneous Income	1,443	23,884
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	-13,472	18,421
DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES		
2301. Occupancy, Depreciation & Amortization	4,878,359	19,104,858
2302. Bad Debts	2,837,504	9,605,447
2303. Supplies	3,265,598	12,848,737
2304. Insurance	1,027,837	4,186,166
2305. Telephone	483,852	1,980,707
2306. Postage & Courier	540,002	2,015,929
2398. Summary of remaining write-ins for Item 23 from overflow page	2,001,841	7,843,696
2399. TOTALS (Items 2301 thru 2306 plus 2398)	15,034,993	57,585,540
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101. Professional Service	519,509	2,813,522
3102. Supplies	142,329	340,604
3103. Auto Expense	11,074	36,579
3104. Insurance	6,314	32,273
3105. Postage & Courier	9,454	56,814
3106. Miscellaneous	-362,485	1,566,348
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	326,195	4,846,140
DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	0

REPORT #3: STATEMENT OF CASH FLOWS

1	2	3
	Current Period	Year-to-Date
CASH FLOW PROVIDED BY OPERATING ACTIVITIES		
1. Group/Individual Premiums/Capitation	5,895,749	23,530,947
2. Fee-For-Service	0	0
3. Title XVIII - Medicare Premiums	0	0
4. Title XIX - Medicaid Premiums	16,964,755	68,590,928
5. Investment and Other Revenues	289,834	515,282
6. Co-Payments, COB and Subrogation	28,410,172	117,567,032
7. Medical and Hospital Expenses	-42,598,402	-163,906,868
8. Administration Expenses	-9,312,853	-21,890,406
9. Federal Income Taxes Paid	0	0
10. Interest Paid	-1,432	-5,141
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	-352,177	24,401,774
CASH FLOW PROVIDED BY INVESTING ACTIVITIES		
12. Proceeds from Restricted Cash and Other Assets	0	0
13. Proceeds from Investments	0	22,500
14. Proceeds for Sales of Property, Plant and Equipment	0	2,000
15. Payments for Restricted Cash and Other Assets	0	0
16. Payments for Investments	-22,785	-8,041,872
17. Payments for Property, Plant and Equipment	-1,462,037	-5,036,247
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-1,484,822	-13,053,619
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:		
19. Proceeds from Paid in Capital or Issuance of Stock	0	0
20. Loan Proceeds from Non-Affiliates	1,100,000	1,100,000
21. Loan Proceeds from Affiliates	0	0
22. Principal Payments on Loans from Non-Affiliates	0	0
23. Principal Payments on Loans from Affiliates	0	0
24. Dividends Paid	-7,000,000	-22,571,000
25. Aggregate Write-Ins for Cash Provided by Financing Activities	-7,226	26,441
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	-5,907,226	-21,444,559
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	-7,744,225	-10,096,404
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER	8,090,393	10,442,572
29. CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	346,168	346,168
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
30. Net Income	7,267,116	33,438,171
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
31. Depreciation and Amortization	1,013,424	3,869,083
32. Decrease (Increase) in Receivables	-525,452	-13,362,301
33. Decrease (Increase) in Prepaid Expenses	-835,466	-174,529
34. Decrease (Increase) in Affiliate Receivables	0	1,171
35. Increase (Decrease) in Accounts Payable	-1,134,076	706,886
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	-7,872	-215,329
37. Increase (Decrease) in Unearned Premium	-152,360	-32,025
38. Aggregate Write-Ins for Adjustments to Net Income	-5,977,491	170,647
39. TOTAL ADJUSTMENTS (Items 31 through 38)	-7,619,293	-9,036,397
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	-352,177	24,401,774
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES		
2501. Loan under lease obligations	0	49,177
2502. Principal payment under lease obligations	-7,226	-22,736
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
2599. TOTALS (Items 2501 thru 2503 plus 2598)	-7,226	26,441
DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME		
3801. Deferred Revenue	-3,244,502	-2,315,773
3802. Accrued Salaries & Wages	-2,537,982	899,651
3803. Other Liabilities	-295,958	1,696,660
3898. Summary of remaining write-ins for Item 38 from overflow page	100,951	-109,891
3899. TOTALS (Items 3801 thru 3803 plus 3898)	-5,977,491	170,647

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REPORT #4: ENROLLMENT AND UTILIZATION TABLE**TOTAL ENROLLMENT**

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	78,853	14,259	2,215	90,897	271,339	0	0	0	0	0	0.00
2. Medicare Risk	0	0	0	0	0	0	0	0	0		
3. Medi-Cal Risk	76,242	4,507	4,964	75,785	227,267	0	0	0	0	0	0.00
4. Individual	164,012	32,150	35,126	161,036	487,804	0	0	0	0	0	0.00
5. Point of Service	0	0	0	0	0	0	0	0	0		
6. Aggregate write-ins for Other	0	0	0	0	0	0	0	0	0		
7. Total Membership	319,107	50,916	42,305	327,718	986,410	0	0	0	0	0	
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group				0				0			
602. Healthy Families				0				0			
603. AIM				0				0			
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for											
698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus											
699, 698) (Line 6 above)	0	0	0	0	0	0	0	0	0		

**

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Not Applicable		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9. Total Cash on Deposit		0
10. Cash on Hand (Petty Cash)		
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		0

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19. Total Restricted Assets		0

* Indicate the Balance Per the HMO's Records

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STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable. Group the total of all other premiums receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Not Applicable					0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
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33.						0
34.						0
35.						0
36.						0
37.						0
38.						0
39.						0
40.						0
41.						0
42.						0
43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

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STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables. Group the total of all other receivables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed."

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 Over 90 Days	6 Total
1.	Westdent International, LLC	14,437	14,436	14,436	2,470,871	2,514,180
2.	Allowance for Doubtful Account-Westdent	(14,437)	-14,436	-14,436	-2,470,871	-2,514,180
3.						0
4.						0
5.						0
6.						0
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43.						0
44.						0
45.						0
46.						0
47.						0
48.						0
49.						0
50.						0
51.						0
52.						0
53.						0
54.	Aggregate Accounts Not Individually Listed					0
55.	Total	0	0	0	0	0

**

STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter the total on the line titled, "Aggregate Accounts Not Individually Listed - Due." Report accounts payable from the initial date of billing or due date under contract.

	1 Name of Debtor	2 1-30 Days	3 31-60 Days	4 61-90 Days	5 91-120 Days	6 Over 120 Days	7 Total
1.	Not Applicable						0
2.							0
3.							0
4.							0
5.							0
6.							0
7.							0
8.							0
9.							0
10.							0
11.							0
12.							0
13.							0
14.							0
15.							0
16.							0
17.							0
18.							0
19.							0
20.							0
21.							0
22.							0
23.	Aggregate Accounts Not Individually Listed - Due						0
24.	Total	0	0	0	0	0	0

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SCHEDULE G - UNPAID CLAIMS ANALYSIS
SECTION I - CLAIMS UNPAID

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims	0	0	0
2. Physician Claims	0	0	0
3. Referral Claims	37,135	83,755	120,890
4. Other Medical	0	0	0
5. TOTAL	37,135	83,755	120,890

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims					0	
8. Referral Claims					0	
9. Other Medical					0	
10. TOTAL	0	0	0	0	0	0

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11.						
12. Not Applicable						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

**

STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding. The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
1.	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
2.	Not Applicable					0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0

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STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Outstanding Liability (Based on plan's lag)
1. Not Applicable		XXX	0	
2. Previous Quarter			0	
3. Previous 2 Quarters			0	
4. Previous 3 Quarters			0	
5. Previous 4 Quarters			0	
6. Previous 5 Quarters			0	
7. Previous 6 Quarters			0	
8. Previous 7 Quarters			0	

* Should tie to Report #1, Part B, Columns 1 & 2, Lines 3 through 7.

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NOTES TO FINANCIAL STATEMENTS	
1.	See attached notes to financial statements
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OVERFLOW PAGE FOR WRITE-INS		
1.	Report #2, Line 2398 Summary of Remaining Write-ins for Item 23 - Other Medical & Hospital Expenses	
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24.	Report #3, Line 3898 Summary of Remaining Write-ins for Item 38 - Adjustment to Net Income	
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STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

KNOX-KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.					
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	<u>Name of Debtor</u>	<u>Nature of Relationship</u>	<u>Nature of Receivable</u>	<u>Amount</u>	<u>Terms</u>
2.	Westdent International, LLC	Affiliates	Loan	2,514,180	Demand
3.	Less: Allowance for Doubtful account	Affiliates	Loan	-2,514,180	Demand
4.					
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	<u>Donor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Valuation Method</u>	<u>Amount</u>	
7.	None				
8.					
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	<u>Creditor's Name</u>	<u>Affiliation with Reporting Entity</u>	<u>Summary of How Obligation Arose</u>	<u>Amount</u>	
12.	None				
13.					
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity			\$ 50,426,740	
17.	Add: Subordinated Debt			\$ 0	
18.	Less: Receivables from officers, directors, and affiliates			\$ 0	
19.	Intangibles			\$ 15,200	
20.	Tangible Net Equity (TNE)			\$ 50,411,540	
21.	Required Tangible Net Equity (See Page 22)			\$ 984,214	
22.	TNE Excess (Deficiency)			\$ 49,427,326	
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees			\$ 43,691,655	
24.	Administrative Costs			\$ 5,919,767	
25.	Percentage			14	
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:			\$ 50,225	
27.	Total costs for health care services for the immediately preceding six months:			\$ 89,533,100	
28.	Percentage			0	

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be</u> paid to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	
41. Percentage		0
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	
44. Percentage		0
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		
51. Average Length of Stay for Point of Service enrollees		
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	

STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

		Full Service Plans		Specialized Plans	
		1		2	
A.	Minimum TNE Requirement	\$ 1,000,000		\$ 50,000	
B.	REVENUES:				
1.	2% of the first \$150 million of annualized premium revenues	\$		2% of the first \$7.5 million of annualized premium revenue	\$ 150,000
	Plus			Plus	
2.	1% of annualized premium revenues in excess of \$150 million	\$		1% of annualized premium revenue in excess of \$7.5 million	\$ 834,214
3.	Total	\$ 0		\$ 984,214	
C.	HEALTHCARE EXPENDITURES:				
4.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$		8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 243,654
	Plus			Plus	
5.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$		4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$ 0
	Plus			Plus	
6.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$		4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$ 0
7.	Total	\$ 0		\$ 243,654	
8.	Required "TNE" - Greater of "A" "B" or "C"	\$		Required "TNE" - Greater of "A" "B" or "C"	\$ 984,214

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1	
1. Net Equity	\$	50,426,740
2. Add: Subordinated Debt	\$	
3. Less: Receivables from officers, directors, and affiliates	\$	
4. Intangibles	\$	
5. Tangible Net Equity (TNE)	\$	50,426,740
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$	
7. TNE Excess (Deficiency)	\$	50,426,740
ADJUSTED MINIMUM TANGIBLE NET EQUITY CALCULATION (Complete Section I or II):		
I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):		
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$	
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$	
10. Add lines 8 and 9	\$	0
II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):		
<u>PART A</u>		
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 24)	\$	
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$	
13. Add lines 11 and 12	\$	0
III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING		
14. Line 5 (above)	\$	50,426,740
15. Multiply Line 6 (above) by 130%	\$	0
16. Difference (Line 14 - Line 15)	\$	50,426,740
If Line 14 is less than Line 15, then monthly reporting is required		

STATEMENT AS OF 12-31-2003 OF 933-0224 Western Dental Services, Inc.

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

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